

## Message Text

UNCLASSIFIED

PAGE 01 STATE 254714  
ORIGIN TRSE-00

INFO OCT-01 EB-08 ISO-00 AF-10 ARA-14 EA-12 EUR-12  
NEA-10 AID-05 CIAE-00 COME-00 FRB-01 INR-07  
NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 LAB-04  
SIL-01 OMB-01 NSC-05 SS-15 STR-05 CEA-01 L-03  
H-02 PA-02 PRS-01 SIG-02 MMO-04 AGRE-00 IO-14  
IGA-02 DHA-05 ITC-01 /175 R

FSE  
TX 387

DRAFTED BY TREAS:OASIA: JMGAASERUD:CMR  
APPROVED BY EB/IFD/ODF:MVCREEKMORE  
TREAS:OASIA: C.BRADFORD  
TREAS:IA:CFBERGSTEN  
TREAS:GC: E.MEIGHER

-----110934 231532Z /45

R 230655Z OCT 77  
FM SECSTATE WASHDC  
TO ALL DIPLOMATIC POSTS

UNCLAS STATE 254714

E.O. 11652:N/A

TAGS:EAID, IBRD, IDA, IFC, IDB, ADB AND AFDF

SUBJECT: U.S. LEGISLATIVE ACTION ON FUNDING FOR THE INTERNATIONAL DEVELOPMENT BANKS

SUMMARY: THIS MESSAGE IS DESIGNED TO BRING ALL POSTS UP TO DATE ON THE OUTCOME OF AUTHORIZING AND APPROPRIATIONS LEGISLATION FOR THE INTERNATIONAL DEVELOPMENT BANKS DURING THE FIRST SESSION OF THE 95TH CONGRESS. LEGISLATION AUTHORIZED  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 254714

RIZING U.S. CONTRIBUTIONS OF \$5.1 BILLION TO THE INTERNATIONAL DEVELOPMENT BANKS SIGNED INTO LAW BY PRESIDENT CARTER ON OCTOBER 3, 1977 AS PUBLIC LAW 95-118. LEGISLATION PROVIDING FOR \$1.9 BILLION OF ADMINISTRATION'S \$2.6 BILLION APPROPRIATIONS REQUEST FOR FY 1978 HAS PASSED BOTH HOUSES OF CONGRESS AND IS EXPECTED TO BE SIGNED INTO LAW SHORTLY. AUTHORIZING LEGISLATION INCLUDES PROVISIONS ON HUMAN RIGHTS AND ON LENDING FOR CERTAIN AGRICULTURAL COM-

MODITIES, INCLUDING PALM OIL. END SUMMARY.

1. AUTHORIZING LEGISLATION: THE CONGRESS APPROVED THE FULL \$5,075 MILLION IN AUTHORIZING AUTHORITY REQUESTED BY THE ADMINISTRATION. THE LEGISLATION PROVIDES FOR \$1,569 MILLION FOR THE SELECTIVE CAPITAL INCREASE OF THE WORLD BANK, \$112 MILLION FOR THE CAPITAL INCREASE OF THE IFC, \$2.4 BILLION FOR THE FIFTH REPLENISHMENT OF IDA, \$814

MILLION FOR THE SECOND CAPITAL REPLENISHMENT OF ASIAN DEVELOPMENT BANK AND \$180 MILLION FOR THE FIRST REPLENISHMENT OF THE ASIAN DEVELOPMENT FUND. IN ADDITION, THE CONGRESS, ON ITS OWN INITIATIVE, AUTHORIZED \$50 MILLION FOR A U.S. CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND, BRINGING TOTAL AMOUNT AUTHORIZED FOR ALL THE INSTITUTIONS TO \$5,125 MILLION.

2. THIS LEGISLATION ALSO CONTAINS PROVISIONS DEALING WITH HUMAN RIGHTS, DEVELOPMENT BANK LENDING FOR THREE AGRICULTURAL COMMODITIES -- PALM OIL, SUGAR AND CITRUS, AND THE USE OF LIGHT CAPITAL TECHNOLOGY.

3. HUMAN RIGHTS: PL 95-118 EXTENDS U.S. CONCERNS REGARDING INTERNATIONAL DEVELOPMENT BANK LENDING TO HUMAN RIGHTS VIOLATORS TO ALL OF THE INTERNATIONAL DEVELOPMENT BANKS.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 254714

(FYI: LEGISLATION PASSED IN 1976, AND REPEALED IN PRESENT LEGISLATION, REQUIRED U.S. TO CAST NEGATIVE VOTES TO CONSISTENT VIOLATORS OF HUMAN RIGHTS IN BORROWING MEMBER COUNTRIES OF INTER-AMERICAN DEVELOPMENT BANK AND AFRICAN DEVELOPMENT FUND, UNLESS LOANS DIRECTLY BENEFITED THE NEEDY. END FYI) UNDER PRESENT LEGISLATION THE U.S. EXECUTIVE DIRECTORS IN THE INTERNATIONAL DEVELOPMENT BANKS ARE DIRECTED TO OPPOSE (DEFINED AS VOTING "NO", ABSTAINING OR VOTING "PRESENT") LOANS AND OTHER TYPES OF FINANCIAL ASSISTANCE TO ANY COUNTRIES WHICH ENGAGE IN A CONSISTENT PATTERN OF GROSS VIOLATION OF INTERNATIONALLY RECOGNIZED HUMAN RIGHTS, UNLESS SUCH ASSISTANCE IS DIRECTED SPECIFICALLY TO PROGRAMS WHICH SERVE THE BASIC HUMAN NEEDS OF CITIZENS OF BORROWING COUNTRIES. IN ADDITION, THE LEGISLATION REQUIRES THE UNITED STATES TO SEEK TO CHANNEL ASSISTANCE TOWARD COUNTRIES WHICH DO NOT ENGAGE IN A CONSISTENT PATTERN OF GROSS VIOLATIONS OF HUMAN RIGHTS AND TO PROJECTS WHICH ADDRESS BASIC HUMAN NEEDS. THE LEGISLATION ALSO REQUIRES THE UNITED STATES TO SEEK INTERNATIONAL AGREEMENT ON HUMAN RIGHTS STANDARDS TO BE APPLIED IN THE BANKS AND ON STANDARDS FOR MEETING BASIC HUMAN NEEDS SO AS TO INSURE THAT THE REWARDS OF INTERNATIONAL COOPERATION ARE ESPECIALLY AVAILABLE TO THOSE COUNTRIES

WHO SUBSCRIBE TO THESE STANDARDS.

4. THE LEGISLATION REQUIRES U.S. EXECUTIVE DIRECTORS IN THE BANKS TO OPPOSE (AGAIN DEFINED AS IN PARA. 3) ANY LOAN OR OTHER FINANCIAL ASSISTANCE FOR ESTABLISHING OR EXPANDING PRODUCTION FOR EXPORT OF PALM OIL, SUGAR OR CITRUS CROPS IF SUCH A LOAN WILL CAUSE INJURY TO U.S. PRODUCERS OF THE SAME, SIMILAR, OR COMPETING AGRICULTURAL COMMODITIES.

5. THE LEGISLATION ALSO DECLARES THAT THE UNITED STATES GOVERNMENT SHALL USE ITS VOICE AND VOTE IN THE DEVELOPMENT BANKS TO PROMOTE THE DEVELOPMENT AND UTILIZATION OF LIGHT  
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 254714

CAPITAL TECHNOLOGY AS A MAJOR FACET OF THE DEVELOPMENT STRATEGIES OF THE DEVELOPMENT BANKS.

6. APPROPRIATIONS LEGISLATION: THE CONGRESS APPROPRIATED \$1,925 MILLION OF THE \$2,616 MILLION REQUESTED BY THE ADMINISTRATION FOR INTERNATIONAL DEVELOPMENT BANKS FOR FY 1978. AMOUNTS REQUESTED FOR EACH OF THE INTERNATIONAL DEVELOPMENT BANKS, TOGETHER WITH AMOUNTS ACTUALLY APPROPRIATED BY THE CONGRESS, ARE CONTAINED IN THE TABLE BELOW.

U.S. APPROPRIATIONS FOR THE INTERNATIONAL DEVELOPMENT BANKS (\$ MILLIONS)

APPROPRIATIONS (FY 1978)

ADMINISTRATION AMOUNTS APPROPRIATED  
REQUEST BY THE CONGRESS

IBRD

PAID-IN CAPITAL	52.3	38
CALLABLE CAPITAL	470.7	342
IFC	44.6	38
IDA 4TH REPLENISHMENT	375	--
IDA 5TH REPLENISHMENT	800	800

IDB

PAID-IN CAPITAL	40	36.7
CALLABLE CAPITAL	360	328.5
FSO	200	114.7

ADB

PAID-IN CAPITAL	20.4	16.8
CALLABLE CAPITAL	183.2	151.2
ADF	60	49.5

UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 254714

AFDF	10	10
TOTAL	2,616.2	1,925.4

7. AS CAN BE SEEN FROM ABOVE TABLE, LARGEST REDUCTION FROM ADMINISTRATION'S REQUEST FOR THE BANKS WAS CONGRESSIONAL ELIMINATION OF ANY OF THE \$375 MILLION REQUESTED FOR THE THIRD TRANCHE IN THE U.S. CONTRIBUTION TO THE FOURTH REPLENISHMENT OF IDA. MAJOR VICTORY FOR ADMINISTRATION WAS FULL FUNDING FOR THE \$800 MILLION FIRST INSTALL-

MENT OF THE U.S. CONTRIBUTION TO IDA V. THE TREASURY DEPARTMENT WILL RECOMMEND THAT ADMINISTRATION SEEK RESTORATION OF ALL FUNDS DENIED BY THE CONGRESS WHEN THE NEXT SESSION OF THE CONGRESS BEGINS IN JANUARY, 1978.

8. DURING CONGRESSIONAL CONSIDERATION OF FY 1978 APPROPRIATIONS BILL, A MAJOR CONTROVERSY DEVELOPED REGARDING AMENDMENTS PASSED BY THE HOUSE OF REPRESENTATIVES THAT WOULD HAVE BARRED THE BANKS FROM LENDING ANY U.S. FUNDS TO SEVEN COUNTRIES (VIETNAM, LAOS, CAMBODIA, ANGOLA, MOZAMBIQUE, UGANDA AND CUBA) AND FOR THE PRODUCTION OF PALM OIL, SUGAR OR CITRUS. THE EFFECT OF THESE PROVISIONS, IF THEY HAD BECOME LAW, WOULD HAVE BEEN TO TERMINATE U.S. PARTICIPATION IN THE INTERNATIONAL DEVELOPMENT BANKS, SINCE UNDER THEIR CHARTERS THESE BANKS ARE PROHIBITED FROM ACCEPTING CONTRIBUTIONS FROM ANY MEMBER COUNTRIES CONDITIONED IN THIS MANNER. A MASSIVE CAMPAIGN DURING SEPTEMBER AND OCTOBER INVOLVING THE HIGHEST OFFICIALS IN THE U.S. GOVERNMENT, INCLUDING THE PRESIDENT, SUCCEEDED IN DELETING THESE RESTRICTIONS COMPLETELY FROM THE FINAL BILL. AS A COMPROMISE, PRESIDENT CARTER INDICATED THAT HE WOULD INSTRUCT THE U.S. EXECUTIVE DIRECTORS IN THE INTERNATIONAL DEVELOPMENT BANKS TO OPPOSE AND VOTE AGAINST, THROUGHOUT FISCAL YEAR 1978, ANY LOANS

UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 254714

MADE BY THE INTERNATIONAL DEVELOPMENT BANKS TO THE SEVEN COUNTRIES MENTIONED IN THE HOUSE AMENDMENTS, AND TO OPPOSE AND VOTE AGAINST LOANS FOR PALM OIL, SUGAR AND CITRUS WHEN THE LOANS ARE USED FOR PRODUCTION FOR EXPORT AND COULD INJURE PRODUCERS IN THE UNITED STATES.

9. ALTHOUGH THESE RESTRICTIVE AMENDMENTS HAVE BEEN DELETED FROM THE BILL, THE HOUSE DEBATE PRECEDING FINAL

PASSAGE INDICATES THE MOST SERIOUS CONTINUING CONCERN WITH INTERNATIONAL DEVELOPMENT BANKS' LENDING TO THESE SEVEN COUNTRIES AND FOR THESE THREE AGRICULTURAL COMMODITIES. CONGRESSMAN CLARENCE LONG, THE CHAIRMAN OF THE APPROPRIATIONS SUBCOMMITTEE STATED ON THE FLOOR THAT THE INTERNATIONAL DEVELOPMENT BANKS "ARE NOW ON WARNING THAT THEY HAD BETTER NOT GIVE OUR MONEY, OR ANYBODY ELSE'S, TO THESE COUNTRIES OR THEY ARE TRAVELING AT THEIR OWN RISK." CONGRESSMAN LONG INDICATED THAT HIS COMMITTEE WILL HOLD EXTENSIVE OVERSIGHT HEARINGS DURING 1978 CENTERING ON INTERNATIONAL DEVELOPMENT BANK LENDING TO HUMAN RIGHTS VIOLATORS, BANK LOANS FOR PRODUCTION OF EXPORT COMMODITIES THAT COULD INJURE U.S. PRODUCERS, THE ABILITY OF THE BANKS' LOANS TO REACH THE POOREST PEOPLE, AS WELL AS THE ISSUE OF PUBLIC ACCOUNTABILITY OF THE BANKS AND THEIR SALARIES AND ADMINISTRATIVE PRACTICES. VANCE

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LEGISLATIVE BILLS, APPROPRIATIONS, DEVELOPMENT BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 23-Oct-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE254714  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** OASIA: JMGAASERUD:CMR  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770390-1289  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19771028/aaaaaxtb.tel  
**Line Count:** 240  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 45ac4028-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN TRSE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 28-Dec-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 811905  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S. LEGISLATIVE ACTION ON FUNDING FOR THE INTER- NATIONAL DEVELOPMENT BANKS SUMMARY: THIS MESSAGE IS DESIGNED TO BRING ALL PO  
**TAGS:** EAID, US, XX, IBRD, IDB, ADB, IFC, AFDF, IDA  
**To:** ALL POSTS  
**Type:** TE  
**vdkgvkey:** odb://SAS/SAS.dbo.SAS\_Docs/45ac4028-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009